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*Counsel to the Official Committee of Unsecured Creditors*

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

In re:	)	Chapter 11
CELSIUS NETWORK LLC, <i>et al.</i> , <sup>1</sup>	)	Case No. 22-10964 (MG)
Debtors.	)	(Jointly Administered)

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Celsius Network LLC (2148); Celsius KeyFi LLC (4414); Celsius Lending LLC (8417); Celsius Mining LLC (1387); Celsius Network Inc. (1219); Celsius Network Limited (8554); Celsius Networks Lending LLC (3390); Celsius US Holding LLC (7956); GK8 Ltd. (1209); GK8 UK Limited (0893); and GK8 USA LLC (9450). The location of Debtor Celsius Network LLC's principal place of business and the Debtors' service address in these chapter 11 cases is 50 Harrison Street, Suite 209F, Hoboken, New Jersey 07030.

**DECLARATION OF THOMAS DIFIORE IN SUPPORT OF THE  
MOTION OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS  
TO (I) CERTIFY THE CLASS OF ACCOUNT HOLDERS ASSERTING  
NON-CONTRACT CLAIMS AGAINST THE DEBTORS, (II) APPOINT  
THOMAS DIFIORE, REBECCA GALLAGHER, AND IGNAT TUGANOV AS  
THE CLASS REPRESENTATIVES, AND (III) APPOINT WHITE & CASE LLP AS  
CLASS COUNSEL, IN EACH CASE PURSUANT TO BANKRUPTCY RULE 7023**

I, Thomas DiFiore, declare pursuant to 28 U.S.C. § 1746 as follows:

1. I submit this declaration in support of the *Motion of the Official Committee of Unsecured Creditors to (I) Certify the Class of Account Holders Asserting Non-Contract Claims Against the Debtors, (II) Appoint Thomas DiFiore, Rebecca Gallagher, and Ignat Tuganov as the Class Representatives, and (III) Appoint White & Case LLP as Class Counsel, in Each Case Pursuant to Bankruptcy Rule 7023* (the “**Motion**”).<sup>2</sup>

2. I am a Co-Chair of the Official Committee of Unsecured Creditors (the “**Committee**”) appointed in the chapter 11 cases (the “**Chapter 11 Cases**”) of the above-captioned debtors and debtors in possession (collectively, the “**Debtors**” and, together with their non-Debtor affiliates, “**Celsius**”). One objective of the Committee in these Chapter 11 Cases is to maximize value for all account holders. The Committee has been working diligently with its advisors toward a solution for the myriad issues presented in these cases to achieve that goal.

3. I am and have been an account holder at Celsius at all times relevant to the Motion and the Class Claim. I am a retail investor.

4. I was a resident of New Jersey when I first became an account holder at Celsius. As of June 15, 2021, I am a resident of Puerto Rico.

5. I learned about CNL through BNKtotheFuture, an online investment platform for investing in FinTech & crypto companies, during CNL’s USD\$15 million Series A financing

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<sup>2</sup> Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Motion.

round. I watched the pitch deck video that was posted on BNKtotheFuture on or around June 11, 2020, in which Mr. Mashinsky described CNL's business model, including that it only issued over-collateralized loans and passed 80% of its gross revenue back to account holders. At that time, I wanted to invest in the Series A financing. I was not able to invest in the Series A round, however, because it was already fully subscribed for investors in the United States.

6. After watching the pitch deck video, I began to research Celsius and Alex Mashinsky. I watched several of Mr. Mashinsky's early AMAs. I also visited CNL's website and read the materials posted there. Starting around the time I initially transferred coins to CNL in March 2020 until about June 2021, I watched almost every AMA live, often with my co-worker at our auto dealership. If I could not watch an AMA live, I watched a replay or read a summary of it on Twitter or watched highlights posted by a third-party YouTube channel on the same day it was broadcast. I watched the AMAs in order to, among other things, follow the changes in interest rates that CNL was providing to account holders. I also consumed interviews Mr. Mashinsky gave to the media. I found Mr. Mashinsky's availability to customers compelling and I appreciated that he would answer questions from account holders.

7. I invested Bitcoin with CNL in March of 2020 and purchased CEL tokens in August 2020. I considered investing with Crypto.com (or its predecessor) and BlockFi but picked CNL because it allowed withdrawals at any time, the rates were more competitive, and I believed that its investment practices were safe based on CNL's public statements. Since becoming a Celsius account holder, the only withdrawals I made were of Bitcoin cash, which I used to buy CEL tokens.

8. In making my investment decisions, I believed and relied on promises made by Mr. Mashinsky that, as a United States-accredited investor, I would be able to earn extra interest in CEL. I also believed and relied on Mr. Mashinsky's statements that CNL had made the relevant

filings with the U.S. Securities and Exchange Commission (the “SEC”) as well as the representation on CNL’s website stating that it had done so. I do not recall Mr. Mashinsky ever directing account holders to investigate whether CNL had made the appropriate SEC filings. I never searched for CNL’s SEC filings on the SEC’s website.

9. I believed and relied on Mr. Mashinsky’s statements that CNL would share 80% of its revenue with its account holders. Mr. Mashinsky’s statements that CNL was able to pass that revenue along to customers and remain profitable were key to my investment decision. I believed that CNL would periodically change interest rates to achieve the 80% amount. When CNL lowered its rates, it gave me confidence that Celsius was actively adjusting rates to meet the 80:20 ratio. I also relied on the 80% representation as justification for why CNL was able to provide higher rates than other competitors. Prior to reading the Examiner’s Final Report,<sup>3</sup> I had no knowledge that Celsius did not pass 80% of revenues back to its customers.

10. I also believed and relied on Mr. Mashinsky’s repeated statements that CNL only issued over-collateralized loans. I also believed and relied on Mr. Mashinsky’s repeated statements that CNL had not liquidated any loans apart from one mutual liquidation. I was convinced by Mr. Mashinsky’s statements that CNL had not experienced a bank run during the economic decline in 2020. Prior to reading the Examiner’s Final Report, I had no knowledge that Celsius issued uncollateralized loans.

11. I also believed and relied on Mr. Mashinsky’s specific statements that CNL did not engage in directional trading, always hedged trades, and had a delta-neutral investment strategy. Prior to reading the Examiner’s Final Report, I had no knowledge that Celsius engaged in swing trading or directional trading and had been so reckless in handling customer assets.

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<sup>3</sup> *Final Report of Shoba Pillay, Examiner* [D.I. 1956].

12. I believed that CNL was compliant with regulations based on Mr. Mashinsky's statements and the Celsius website. Prior to the commencement of these Chapter 11 Cases, I did not know that several regulatory bodies were investigating CNL. In particular, I did not know that the Financial Conduct Authority of the United Kingdom (the "FCA") had accused CNL of operating an illegal investment scheme. I did not know that the "migration" to Celsius Network LLC was driven by the FCA's investigation. I did not know that CNL had not transferred any assets to LLC in connection with that "migration." I did not know that the migration resulted in LLC's insolvency. I did not know that anything was changing with respect to my Celsius accounts. I did not know the Terms of Use had changed until my brother told me that they had. I do not remember reading the revised Terms of Use. I do remember statements following the migration in which Mr. Mashinsky and others at CNL said there would be no change and no effect on account holders or their funds.

13. At the time of the migration, most of my cryptocurrency on the Celsius platform was tied up as collateral for a loan. I was not able to withdraw that collateral. Had I known about the extent of CNL's regulatory issues, the FCA investigation, or the fact that no assets were transferred to LLC, I would have immediately withdrawn any cryptocurrency that was not held as collateral.

14. All of the foregoing public statements made by Mr. Mashinsky and representations on Celsius's website were important to my investment decisions. I was convinced by Mr. Mashinsky's and CNL's public statements that I could entrust my assets with Celsius. I would not have transferred my assets to CNL or kept my assets on the platform had CNL and Mr. Mashinsky not made these assurances or if I had known the truth.

15. Prior to the commencement of these Chapter 11 Cases, I had never met or spoken

directly with Mr. Mashinsky or other senior personnel at Celsius.

16. I planned my life based on my loan and rewards earned with Celsius. I referred many of my friends and family to Celsius, including my brother, mother-in-law, mother-in-law's sister, brother's friend, uncle, cousins, sales manager, general manager, and other employees. I also repeated to my family and friends the statements that Mr. Mashinsky made publicly. I believed Mr. Mashinsky's and CNL's misrepresentations and entrusted my own finances as well as those of my family and friends to Celsius in reliance on those statements. Now I stand to lose a significant amount of my cryptocurrency assets that I transferred onto the Celsius platform.

*[Remainder of page intentionally left blank]*

I declare under penalty of perjury that the foregoing is true and correct.

Executed on: May 17, 2023  
Dorado, Puerto Rico

/s/ Thomas DiFiore

Thomas DiFiore  
Proposed Class Representative